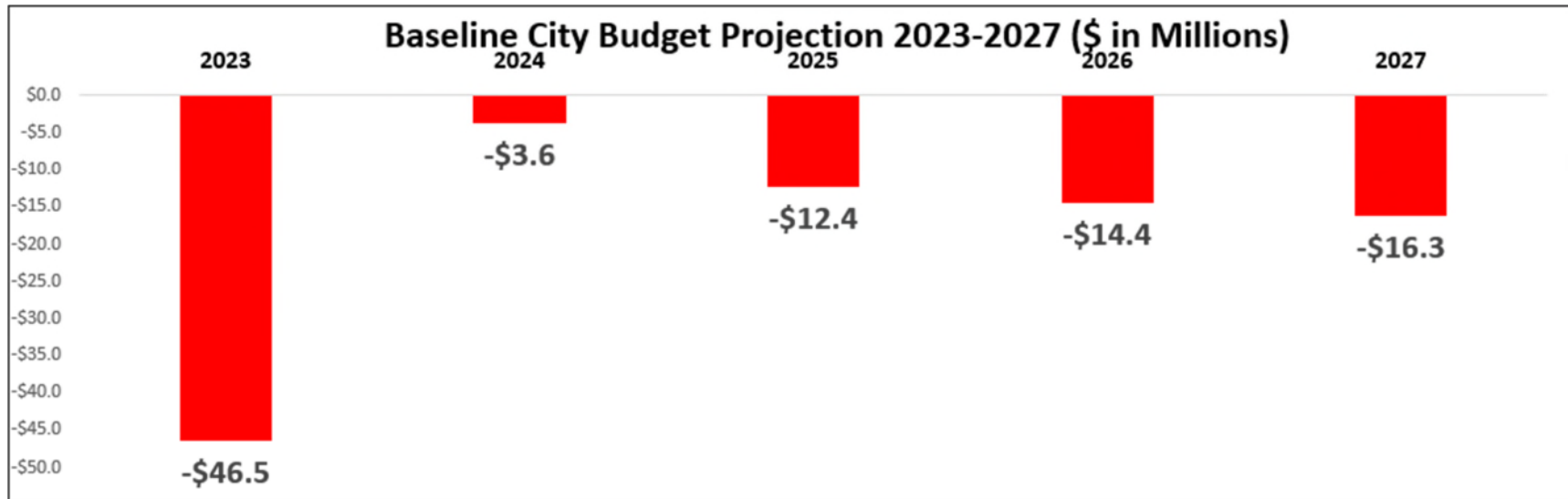


# **EXHIBIT B**

**Five-Year Baseline General Fund Projections**



General Notes and Assumptions

- As of September 13, 2022
- The Baseline projection shows us what happens to revenues and expenses over the next five years assuming a “status quo” situation which means that there are no significant changes to revenues (such as tax or fee increases or decreases) or expenses (such as layoffs).
- City real estate tax remains at 9.4041 mills
- City resident earned income tax remains at 3.75% (2nd highest in PA)
- City commuter earned income tax remains at 2.75% (2nd highest in PA)
- No change in casino or Covanta revenue sharing arrangements
- City headcount remains the same, including police and fire (no layoffs)

- Salaries increase by 3%; health insurance costs rise between 5% and 20% per year
- No new debt, no new programs, no new positions (Chief Financial Officer comes back in-house)
- \$3 million per year for capital project
- Does not include earned income tax diversion to Chester-Upland School District (lost annual revenues between \$1.5 million and \$1.7 million)
- Does not include health insurance premium costs if they grow faster than projected (City on pace to spend \$1.5 million more than what was budgeted in 2022)
- Does not include potential costs associated with Advanced Life Support (ALS) ambulance services
- Does not include the cost of any large, emergency repairs to City-owned buildings or vehicles, which are in very poor condition
- The baseline does not attempt to quantify the maximum amount that City government needs to meet all financial objectives. The goal of strong financial management is not just to balance to zero where revenues match expenditures, though achieving that structural balance is a core component of financial recovery. The Receiver has determined that the City needs to spend more than the baseline in some areas, so there is adequate managerial support in information technology or human resources, otherwise the rest of the organization cannot be effective.
- To provide vital and necessary services, the City also needs to invest in its infrastructure – roads, bridges, parks, facilities, large vehicles and equipment, etc. We will discuss the very poor condition of these assets and have included a minimum capital contribution in the baseline projection, but we have not calculated the maximum amount needed for these investments. That would require more detailed projections that account for the likely timing of projects, inflationary pressures that push costs higher before projects begin, and other relevant information that is not available at this time